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Remarks prepared for delivery by Assistant Secretary for Marketing and Inspection Services C.W. McMillan before the Fifth National Food Policy Conference, Washington, D.C., June 21, 1982.

I'm pleased to have the opportunity to speak at this Fifth National Food Policy Conference sponsored by the Food Marketing Institute and the Consumer Nutrition Institute. Forums such as this—where the food industry and consumer interest groups meet—represent perhaps the best approach for discussing food and nutrition issues. Only when a platform for debate and analysis is provided can problems related to nutrition, food additives, government regulation, labeling and other current and controversial issues be dealt with openly and effectively. Whether we consider ourselves conservatives, liberals or something in between, we are all consumers. And the interdependency of the federal government, the food industry and consumers is nowhere better illustrated than in this conference.

Government's role has been dramatically redefined in the year and a half of the Reagan Administration. This, of necessity, has caused both the food industry and consumer interest groups to redefine their roles.

The new role for government actually isn't so much new as it is a shift back to principles we seem to have overlooked in the last 20 years or so. Our new direction is really a return to a course in which private initiative and state and local government play more prominent roles.

In the area of health regulations, I think we would all agree that the federal government has a necessary and appropriate role to play. Its laws and regulations ensure a safe and wholesome food supply, protect consumers, strengthen the industry as a whole and assure a continued abundant and affordable food supply.

However, that doesn't mean the food industry's initiative and productivity should be stifled by unnecessary or redundant regulations. We can have both an innovative food industry and a high level of consumer protection through a system that fosters fairness and concern for each.

The administration firmly believes that competitive markets are the best means of providing consumers with the wide array of goods and services they desire at reasonable prices. A consumer making informed buying decisions in the marketplace is the best regulator of the free enterprise system. The federal government must, of necessity, perform certain limited functions to enforce safeguards and ensure free competition and safety in the marketplace. But federal action by itself is not the solution to consumer problems. In fact, it has become in large measure a part of the problem.

We should remember that regulators do not always have to rely on the heavy hand of the law to be effective. To be sure, we will get results when we carry a big stick, but sometimes that stick can more resemble a carrot than a sledgehammer.

Instead, this administration believes that a cooperative approach—a joint sharing of responsibility, if you will—will not only produce the results we want from a regulatory standpoint, but will also form the basis for long-term cooperation between the industry, the government and the consumer.

Let me be more specific and give you some particular examples of the administration's actions on food and consumer issues.

Food Safety Laws

As chairman of the administration's Working Group on Food Safety, I've directed a review of our food safety laws. We drafted a number of proposed revisions to those laws and subsequently presented a report to the Cabinet Council on Human Resources. A few weeks ago we briefed Congress, food industry representatives and consumer groups on those proposals.

The responses we received from these groups are being reviewed now, and when that is completed, the working group will make recommendations to the cabinet council for a final shaping of administration policy.

Although the administration's policy isn't yet final, I'd like to tell you some of our thoughts at this point. Let me say at the outset that we believe that public health is and should remain the focus of the food safety laws. To be effective, however, those laws must be credible. They must be consistent with contemporary scientific data on food

safety, and they should not place unnecessary burdens on the regulated industry.

After considering our options, we decided to build on and modify the existing laws rather than rewrite them. Many areas of change are under consideration, and I'd like to address a few of them.

First, the working group has suggested that a definition of "safe" be included in the statute. It has recommended that "safe" be defined as "a reasonable certainty of no significant risk under the intended conditions of use of a substance.. This, of course, would be based on compelling scientific data.

This definition still assures consumers that the basic premise of the current safety standard—a reasonable certainty of no harm—has been kept intact. It also means that safety does not require the pursuit of zero risk.

Another area of major concern in food safety legislation is phase-outs—or, more accurately, the lack of phase-out authority under current law. Here, the working group feels there is a need for authority for gradual phase-outs of substances that must be prohibited but do not pose an immediate risk to the public. This authority could be extremely important if an immediate withdrawal would create a public health risk or cause severe disruption of the food supply.

Although we did not include consideration of non-health benefits in making safety assessments, we think that non-health benefits may appropriately be considered before making a final decision on how soon a substance should be removed from the food supply.

One of the greatest areas of concern is the much-discussed Delaney clause. The working group has recommended that any change in the current law specifically provide for scientific consideration of whether a substance that causes cancer in animals actually poses a risk of cancer to humans under the intended conditions of use.

Our suggested modifications to the Delaney clause call for an evaluation of carcinogenic substances based on:

— consideration of whether data derived from animal tests are relevant to humans;

— the use of risk assessment procedures in evaluating the significance of animal drug residues in edible tissues; and

— the significance of the presence of carcinogenic constitutents of food additives.

The working group has also proposed that health benefits be considered in deciding whether a hazardous substance should be removed from the market.

With these changes to the Delaney clause, federal regulators would be able to take advantage of advancements in science when considering the safety of a substance. Further, the changes would assure that carcinogens are treated under a stricter set of criteria than those applied to non-carcinogens.

Sodium Policy

A good example of how this administration views its role as a regulator in the food industry is our policy on sodium. This has been the subject of a great deal of attention recently, and I'm sure it will continue to be at the forefront of health concerns.

About a year ago, I testified before a congressional committee and laid out USDA's policy on sodium. I am happy to report that implementation of the policies I outlined at that time are well underway and, we believe, are providing an appropriate and effective response to the sodium problem.

Central to our sodium policy is the belief that sodium labeling on meat and poultry products should be voluntary. The free market will respond to consumer concerns and there's substantial evidence of that happening. New laws or regulations requiring labeling for sodium could result in substantial additional cost to the industry and taxpayers, without providing commensurate beneficial results.

There is no question that consumers who shop for food want more sodium information on product labels, and the food industry is responding. To date, USDA has approved 1800 labels that contain sodium content information. Such major companies as Oscar Mayer, Campbell Soup and Banquet Foods voluntarily provide sodium information on some of their products. The industry—with market demand, not government regulation, as an impetus—is meeting consumer desires.

For our part, USDA has committed $800,000 to sodium research in two areas. First, we want to determine the minimum amount of

sodium-containing compounds, such as salt, necessary in processing meat and poultry products to keep them safe and wholesome. Second, we're conducting long-term research to increase our general understanding of how these compounds function in food products.

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A factor in our belief that sodium labeling should be voluntary is our experience with voluntary nutrition labeling. Nutrition information on labels has never been required, unless some special claims about the product were made. Nonetheless, many companies provide information on calories, fats, carbohydrates and other nutrition information. In no small part, this resulted from a reading by the companies that consumers desire this information. Here again, industry has responded to consumer demand, precluding the need for new regulations.

Other Food Labeling Issues

The process of reviewing labels for products and of approving additives in meat and poultry products is an important part of the meat and poultry inspection program. Sometimes, however, procedures used by USDA impose unnecessary costs and delays on the industry—all of which is often translated into higher prices at the supermarket. We believe improvements can be made in the process without in any way jeopardizing the confidence consumers have in the food supply.

We have published a proposal that would greatly expedite the label approval process by allowing USDA field inspectors to approve many routine labels that now must be cleared in Washington. The proposal would also eliminate the requirement for USDA approval of some label changes.

We estimate this proposed system would mean that more than half of the 100,000 labels now sent to Washington each year could, instead, be approved by USDA inspectors at the plant or would be exempt from specific approval.

This doesn't mean a lessening of efforts to ensure that products are truthfully labeled. In fact, those efforts should improve since USDA policy officials could devote more time to labeling issues that are particularly unique or difficult.

A pilot study of the proposed label approval process showed that it could be operated efficiently and effectively. Based primarily on the success of this study, USDA has concluded that implementing the system nationwide could save money for the government, industry and consumers.

USDA has also proposed to expedite USDA approval of meat and poultry additives that have already been approved by the Food and Drug Administration or are classified as "generally recognized as safe.. This proposal would also improve procedures for allowing expanded uses of such substances.

We have found that the FDA approval proceedings, which must precede USDA approval, have frequently resolved all questions about the safety of an ingredient. In such cases, another comprehensive review by USDA only proves costly and time-consuming without providing any new useful information.

Revision of Continuous Inspection Provisions

In addressing the issues I talked about earlier, we must limit changes to those that will increase our ability to make the most prudent judgements regarding the public health. This same thinking went into USDA's legislative proposal to modernize the "continuous inspection" provisions of the meat and poultry inspection laws. The bills—introduced in the House and in the Senate in April—would increase the secretary's discretion in determining the intensity of inspection provided to individual processing plants.

When the Federal Meat Inspection Act was passed in 1906, the language authorizing the inspection of "all meat food products" called for the onsite, daily presence of inspectors in slaughter and processing plants. This came to be known as "continuous inspection."

Over the years, however, processing activities have become highly differentiated from slaughter activities—evolving from relatively simple procedures such as cutting, boning and rendering to, in some cases, highly complex, mass production methods. In addition, the industry has

developed sophisticated methods by which firms can monitor their own processes and provide data to USDA to supplement its inspection activities. We have also seen an increased number of smaller, more specialized processing plants. This has the effect of lessening the productivity of the inspection force because transportation and travel time become more significant costs as inspectors take on multi-plant assignments.

Today, it is no longer necessary, nor practical, to require that inspectors be present in all processing plants on a daily basis. We believe that discretionary processing inspection is the next logical step in our efforts to perform inspection more efficiently without compromising the high level of protection provided consumers.

There is one principal reason we are able to take this step. with an industry composed of processors who can—and do—take on greater responsibility, it's no longer necessary for government to constantly interject itself in the production process. Recognizing this, we developed a proposal that would reduce the intensity of inspection for those processors whose compliance history—along with other related factors—shows they can do a good job. Of course,. the law would continue to assure that those failing to comply with USDA requirements are dealt with appropriately. Treating all processors equitably, but not equally, is the key to modernizing the inspection program.

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Secretary Block and others at USDA have traveled throughout the world to expand our markets. But in many cases we have to first overcome trade barriers. The problem we've had trying to export U.S. farm products to Japan is an excellent example of this situation.

In the interest of increased exports, the Reagan administration is working to help U.S. food and agricultural industries cope with current

and proposed foreign regulations and to encourage other countries to drop non-tariff trade barriers. It's a complex issue, and we're in the middle of some very difficult negotiations. I'm confident, however, that in the near future we'll have many new overseas markets available.

Increased exports is also a part of USDA's efforts to strengthen farm incomes. That's an issue Secretary Block feels very strongly about. As a farmer himself, he knows that farmers have to make a profit to continue to provide this country and the world with a sufficient and predictable supply of food.

Crop Marketing Orders

Another area of marketing I'd like to address is crop marketing orders. Marketing orders can regulate the quantity, quality and sizes of a commodity. As you know, they were among several areas of federal regulation targeted for review by the President's Task Force on Regulatory Relief.

The administration currently has no plans to seek changes in the legislation authorizing marketing orders. However, we've developed guidelines that delineate more clearly just what the orders should and should not do. These guidelines are being implemented, as needed, by each marketing order committee with help from USDA marketing officials.

To mention just a few points, the new guidelines provide that:

— Quality regulations should not be used as a form of supply control and should permit a limited volume of commodities to be sold directly by farmers to consumers even though they do not meet marketing order quality standards.

— Bloc voting by cooperatives on behalf of their producer members is discouraged, since individual voting better represents the interests of the industry as a whole.

— Marketing programs that do not allow new producers to enter a market must be changed to eliminate barriers to entry.

The administration chose a flexible rather than rigid approach in establishing these guidelines. Each commodity industry is given the opportunity to recommend how the guidelines can be applied to fit its own individual marketing.

Proposed Changes in Beef Grade Standards

As many of you are aware, last summer USDA proposed revisions to the official U.S. standards for grades of carcass beef and related grades for slaughter cattle that would allow leaner beef to qualify for USDA Prime, Choice and Good grades.

At this point we've completed an evaluation and summary of the almost 4,000 comments we received on this issue—including about 20 statements from national and state organizations—and we're now preparing an option paper. I can't say exactly when a final decsion will be made, but we do want to resolve this issue as soon as possible. For my part, however, I will not be participating in decision-making on this issue because of my past association with the National Cattleman's Association.

Conclusion

As the title of today's program indicates, government and industry have redefined their roles on food production and safety. By necessity, consumers and the groups representing them have new roles also. I've tried to give you some examples of USDA's approach to government's new role. I believe it's a very practical one that treats all groups fairly and makes the greatest, most effective use of our available resources.

This administration has only redefined the means to an end and has not redefined the end itself. That end remains a safe and wholesome food supply at affordable prices for the American people. The federal government has only altered the approach it's taking to protect both the American consumer and the food industry from unscrupulous processors who could erode confidence in our food supply.

Government must move away from a position of intense oversight—and thus overregulation—of food marketing and food safety. The food industry and the consumer interest groups must take greater responsibility for ensuring the production and marketing of wholesome foods and for ensuring that this nation's consumers make informed, enlightened choices about the food they buy.

I'd like to very briefly address one final matter. Most of you are aware of the National Academy of Sciences report, "Diet, Nutrition and Cancer," which was released last Wednesday. The report, I think, implicitly points out the government's success at ensuring a safe and

healthful supply of meat, poultry and other foods by saying that their was no evidence that individual food additives or contaminants, whether natural or man-made, contributed in any "major" way to cancer risk in the United States.

USDA has established an expert committee to review the NAS report, and before I comment about the issues raised we need a little time for detailed analysis and evaluation. I don't think it wise at this point to offer a precipitous response.

I will say that USDA has always advocated dietary moderation and balance as a primary means of maintaining good health. We intend to go very carefully on reviewing the report because we recognize that current research on nutrition and diet is incomplete and often controversial. We don't want to fuel an overreaction to the study and we don't want to make hasty or unjustified decisions about particular foods.

The point I want to make overall is that the NAS report on the linkage between diet and cancer made recommedations based on uncertain and incomplete scientific evidence, as the academy took great pains to point out repeatedly throughout the text. I don't fault the NAS for its efforts. To the contrary, I commend the scientists that labored over this study for their diligence and concern for the American people. They did the best they could with the data available to them.

I would caution, however, that until the research on diet and its influence on disease is more extensive and more compelling, it behooves us all to exercise the utmost restraint lest the public is unnecessarily frightened, industry damaged and government diverted from more clear cut problems. I would ask that the scientific community, the press, industry, political and consumer leaders and federal regulators refrain from drawing unsound conclusions or making political hay from this report to the long term detriment of all of us.

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I will say that USDA has always advocated dietary moderation and balance as a primary means of maintaining good health. We intend to go very carefully on reviewing the report because we recognize that current research on nutrition and diet is incomplete and often controversial. We don't want to fuel an overreaction to the study and we don't want to make hasty or unjustified decisions about particular foods.

The point I want to make overall is that the NAS report on the linkage between diet and cancer made recommedations based on uncertain and incomplete scientific evidence, as the academy took great pains to point out repeatedly throughout the text. I don't fault the NAS for its efforts. To the contrary, I commend the scientists that labored over this study for their diligence and concern for the American people. They did the best they could with the data available to them.

I would caution, however, that until the research on diet and its influence on disease is more extensive and more compelling, it behooves us all to exercise the utmost restraint lest the public is unnecessarily frightened, industry damaged and government diverted from more clear cut problems. I would ask that the scientific community, the press, industry, political and consumer leaders and federal regulators refrain from drawing unsound conclusions or making political hay from this report to the long term detriment of all of us.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by John B. Crowell, Jr. assistant secretary for Natural Resources and Environment United States Department of Agriculture before the Subcommittee on Public Lands and Reserved Water, Committee on Energy and Natural Resources

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to appear here today to present the U.S. Department of Agriculture's views on S. 705. The legislation would authorize the secretary of agriculture to convey certain parcels of national forest system lands when it is determined to be in the public interest. We strongly urge prompt enactment of this legislation. The authority which it would provide would be of considerable value in improving the efficiency of management of the lands of the national forest system. This bill is nearly identical to one which passed the Senate in December 1980.

Our comments are directed to the bill as favorably reported by the agriculture committee on April 19. Our report to the chairman of that committee recommended several amendments which, with two exceptions, were incorporated into the bill. Subsequent discussions with the committee removed our remaining concerns and thus we are in complete agreement with the current version of the bill.

The three types of tracts which could be conveyed under provisions of S. 705 include: (1) mineral fractions of 40 acres or less interspersed with or adjacent to mineral patents; (2) tracts of 10 acres or less encroached upon by adjoining landowners due to an erroneous survey, or incorrect title search or land description; and (3) road rights-of-way no longer needed by the United States. The bill limits the value of any tract which would be disposed of to $150,000 and would prohibit conveyance of any land within the national wilderness preservation system.

Conveyance could be by sale, exchange, or, in appropriate cases, by an expedited form of exchange we are calling "interchange" which I will explain in greater detail later in my statement. Payment could be by cash, land, or interests in lands, and would be of equal or

approximately equal value. The value of land would be determined by appraisal and could exclude the value of improvements made by persons other than the government. The person acquiring the federal land would generally pay the costs of conveyance including surveys and appraisals.

The lands which could be affected by the provisions of S. 705 are scattered throughout the national forest system. They are typically isolated units having management problems which prevent them from being efficiently administered as part of the system. Problems frequently encountered include occupancy trespass, use as rights-of-way for access or utilities, and use (or sometimes inadvertent purported sale) by private developers or adjoining owners. Disposal of these lands would be in the interest of the United States.

The mineral fractions are residual federal lands remaining after patenting of mining claims in the western states. Because of the way the patenting took place, the federal lands are of an infinite variety of sizes and shapes. Many of the patented lands are no longer used for their mineral values. They are often developed into vacation homesites or other more intensive lands uses. The adjacent residual federal lands, or mineral fractions, have little utility as national forest system lands, but could be sold to good advantage. We believe the 40-acre limit will allow us to resolve the mineral fraction problem.

Encroachment, also described as good faith trespass, occurs on national forest System lands when improvements are constructed or are being used on a parcel of land acquired or being used in good faith by a private party which is later found to be located on federal land. An encroachment can be caused by an erroneous property line survey or by an error in the title or land description. Such errors frequently happen when private lands adjoining the national forests are subdivided and sold. Surveys which established the lot or subdivision may be found to be in error when the federal land is surveyed or resurveyed and marked. We estimated a few years ago that there were 50,000 title claim cases involving national forest system lands, a major portion of which are believed to be good faith occupancy due to a faulty private survey. These "overlaps" commonly involve less than 1 acre.

The road rights-of-way are narrow strips of federal land or interests in land which cross nonfederal land. Many were created as exceptions

to homesteads to provide access to the homesteaded area or assure access to the remaining public lands. Some were purchased by the government in conjunction with the work of the Civilian Conservation Corps. Many have long since been abandoned or were never used for the intended purpose. The strip is often "unofficially" incorporated into the adjoining lands causing various types of occupancy trespass. Their average size is 2 acres. Most occur in the West, especially in Montana, Wyoming, Idaho and Arizona.

The bill would supplement our current authorities, including the General Exchange Act of 1922, to convey national forest system land. Administrative remedies for the problems associated with these lands, such as special use permits which are currently used to partially resolve such problems, do not provide a satisfactory long-term solution either to the adjoining landowner or the United States. Private relief legislation is an alternative, but because of the cost and time normally required to enact such legislation, it is not a practical or efficient way to resolve the large number of cases.

As we evaluated the conveyance process that would be required to implement the bill's provisions, we found that the bill's advantages may be overshadowed by the burdensome requirements for conveyance. Sale or exchange and their procedures are appropriate and necessary in most cases, particularly those involving several acres or tracts of high value. But how should we handle the cases of good faith trespass where an adjoining landowner has inadvertently built his house partially or wholly on federal land and occupies perhaps a quarter of an acre. The formal exchange process would require considerable time and expense to both parties and could easily exceed the value of the property in question.

We see an opportunity to speed up the conveyance process in situations like this. It would involve use of an expedited exchange which we call an interchange. As we envision it, interchange would be a special form of exchange but without the elaborate procedures associated with a formal exchange that are carried out under existing statutory authority. An example of circumstances appropriate for interchange might involve the landowner whose house is occupying federal land; he could agree with the government to interchange titles to the occupied parcel of federal land for a similar parcel of land, usually adjacent, which that person owns. Lands involved would

normally be of equal size and approximately equal value. Such a simple transaction would clear up the encroachment quickly and with minimal costs by avoiding the formal appraisal and processing procedures associated with exchanges. The landowners's expense would be limited to the costs of survey, if any, and deed preparation and filing. Interchange would be a supplement to the more formal exchange process and would be applicable to some of the cases encompassed by S. 705. Its use would be limited by the criteria and limitations set forth in the bill. We recognize that it is a substantive addition to the bill but we believe it would greatly improve our ability to handle conveyance of many small tracts.

Section 8 of the bill deals with a different aspect of land conveyances on the national forest system. It would amend the act of December 4, 1967, known as the Sisk Act. This law authorizes the secretary of agriculture, when negotiating a land exchange with a public school district under the General Exchange Act of 1922, to accept cash in lieu of land for a portion or all of the value of the selected federal property. The amendment would broaden the provisions of the act to include states, counties and municipal governments. It would apply to all land exchanges with these government entities, not just those specific types listed in this bill. We concur with this broadening of the cash equalization provisions of the Sisk Act.

In summary, Mr. Chairman, we strongly support S. 705 as amended by the agriculture committee. It would be an important addition to our authorities to manage lands of the national forest system. It would help reduce costs of possible management and of land conveyances, disputes with adjoining landowners, and possible litigation. That concludes my prepared statement. I would be happy to answer the subcommittee's questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

U.S. AND THAILAND CONCLUDE AGRICULTURAL CONSULTATIONS; ISSUE STATEMENT

WASHINGTON, June 18—U.S. Under Secretary of Agriculture Seeley G. Lodwick and Thailand's Under Secretary of State, Ministry of Agriculture and Cooperatives Thalerng Thamrong-Nawasawat today issued the following statement at the close of bilateral agricultural consultations here between Thailand and the United States:

"Representatives of the United States and Thailand today concluded three days of consultations on agricultural and agricultural trade matters aimed at promoting mutual understanding of agricultural policies and increasing cooperation in exchanging production and trade data as well as other information.

"These objectives were met, and it was agreed that it would be useful to hold similar discussions in the future upon request by either party.

"The delegates reviewed the world production and trade outlook for several commodities, including feed grains, sugar and rice, noting that together the United States and Thailand account for about half of the world's rice trade.

"There was an exchange of views on ways to ease trade barriers between the two countries. They also agreed to continue close consultation on multilateral trade issues of mutual concern, particularly those trade measures inconsistent with an open multilateral trading system.

"Data on trade and other agricultural indices were exchanged, and steps were taken to provide for future cooperation in this regard, particularly on crop forecasting and exchange of technical information.

"The consultations increased the understanding of each country's agricultural policies and problems and point to a new and closer relationship between two nations important to world agricultural trade."

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USDA PERMITS WHEY AND WHEY PRODUCTS IN SOME FOODS

WASHINGTON, June 21—Effective Aug. 17, the U.S. Department of Agriculture will permit dried whey and certain modified whey products—all protein-rich derivatives of milk or cheese—to be used in some meat products.

USDA will allow meat processors to use these additives as binders and thickeners in sausages, bockwurst, chili con carne and pork and beef with barbecue sauce. Binders are added to products to hold ingredients together; thickeners give products a denser texture.

"This change will benefit both consumers and the food industry," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service. "These additives are plentiful, relatively low-priced protein sources." Dried whey, reduced lactose whey, reduced minerals whey and whey protein concentrate can now make up three and one-half percent of sausages and bockwurst and up to eight percent of chili con carne and pork or beef with barbecue sauce.

Although USDA first proposed using whey and modified whey products in 1976, in response to a petition by the Whey Products Institute, USDA deferred action on the matter until the Food and Drug Administration completed an evaluation on the safety of these additives, Houston said. In September 1981 FDA classified whey and its by-products "Generally Recognized As Safe."

Although the 1976 proposal also included sodium caseinate as a potential additive, FDA has not yet completed its evaluation of this substance and USDA will not address its use in meat or poultry products until FDA makes a decision on the safety of that substance.

After FDA's approval, one company and two food industry groups submitted petitions to USDA requesting a final ruling on the 1976 proposal.

USDA received 30 comments on the 1976 proposal, 23 from the food industry supporting the new rule. Seven commenters opposed or expressed concern about the proposal, offering varying reasons from health matters to ingredient substitution.

"USDA considered and answered all objections and concerns, determining that the additives are safe and the proposal should be made a final rule," Houston said.

USDA is responsible for ensuring that meat and poultry products processed in federally-inspected plants are safe, wholesome and accurately labeled.

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USDA PROPOSES INCREASING COTTON TESTING AND STANDARDS FEES

WASHINGTON, June 21—To reflect increased labor and supply costs, the U.S. Department of Agriculture's Agricultural Marketing Service is proposing a realignment of user fees for cotton testing services provided by a USDA laboratory in Clemson, S.C.

Vern Highley, administrator of USDA's Agricultural Marketing Service, said USDA has to adjust fees to stay in line with actual costs.

"Since the last review, labor costs are up 4.8 percent, supplies are up about 25 percent and utility costs are up almost 40 percent," Highley said.

The cotton standards for both grade and staple are to increase in price to cover shipping costs, according to the proposal. There are no changes in the FOB, Memphis, prices.

Comments on the proposal should be sent before Sept. 1, to Harvin Smith, chief, standards and testing branch, cotton division, Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D.C. 20250.

The proposal will be published in the June 21 Federal Register, available at most local libraries.

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FOREST SERVICE TO CONSOLIDATE OFFICES IN SOUTH

WASHINGTON, June 22,—In the interest of efficiency and economy, the U.S. Department of Agriculture's Forest Service plans to consolidate its two field offices in Atlanta, Ga.

Forest Service Chief R. Max Peterson said the purpose of the change, for which a date will be set later, is to improve administration of the agency's programs in the South.

The Forest Service administers 35 national forests in 13 states from Virginia to Texas and in Puerto Rico and the U.S. Virgin Islands from its southern regional office headquartered in Atlanta. Since 1965, a separate office, located in the same building in Atlanta, has handled Forest Service cooperative work with the state foresters and other cooperators in those states.

Under the change, the same office will administer both functions under the direction of a regional forester.

Peterson said the consolidation will make the operation more efficient and economical. He also said the state foresters involved, cooperators and Forest Service managers in the South had been consulted about the change and most agreed the consolidation would benefit Forest Service operations in those states.

Peterson said there will be no change in the location of the office in Atlanta and that any reductions in personnel as a result of the consolidation will be handled through attrition and placement in other positions rather than by a reduction in force.

The consolidation does not affect Forest Service research operations in the South, presently headquartered in Asheville, N.C., and New Orleans, La.

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HIGHER MEAT PRICES PUSH FOOD CONSUMER PRICE INDEX UP IN MAY

WASHINGTON, June 22—The consumer price index released today indicates food prices rose 0.6 percent in May (before seasonal adjustment), according to Assistant Secretary of Agriculture William Lesher.

"This followed a 0.3 percent increase in April and brought retail food prices in May to a level 4.8 percent higher than a year earlier," he said.

Over the past year, prices for nonfood items have increased 7.1 percent. Prices for food bought in grocery stores were up 0.7 percent in

May, while prices for food purchased away from home were up 0.4 percent.

Meat was the major factor pushing the food CPI up in May as beef prices rose 2.3 percent and pork prices were up 3.4 percent. Poultry prices rose 1.4 percent. Reduced meat supplies in recent months have led to some much-needed increases in farm-level livestock prices, which are being passed through to the retail level.

Fresh fruit prices rose 3.9 percent. Apple prices rose over 4 percent as cold storage supplies are being drawn down. Prices for oranges rose 9.5 percent due to a smaller orange crop in California.

Retail fresh vegetable prices were up 1.1 percent in May. Tomato prices increased 2.7 percent as production declined in Florida. Seasonally lower potato supplies pushed retail potato prices up 4.6 percent. Lettuce prices, however, fell 17.9 percent, reflecting a recovery in supplies from weather-related shortages in April.

Retail egg prices fell 7.8 percent in May due to increased supplies. Dairy product prices were down 0.2 percent, continuing the pattern of moderate changes seen for the past year.

Retail fish prices fell 4.1 percent as production increased from weather-reduced levels earlier in the year.

Prices for most other foods increased only slightly in May, largely due to moderate changes in food marketing costs in recent months.

Processed fruit and vegetable prices were unchanged, sugar and sweets prices and fats and oils prices rose 0.1 percent, and nonalcoholic beverages prices increased 0.4 percent.

Retail food prices this year are expected to average 5 to 6 percent higher than last year, the lowest annual increase since 1976. Two important moderating factors this year are a small rise in the farm value of food and a slowing of food marketing cost increases. The farm value of foods is expected to average 2 to 4 percent above last year's level, the third consecutive year of weak farm commodity prices.

The farm-to-retail price spread will be up 6 to 7 percent this year, the smallest rise since 1977. Retail prices for imported foods and fish will likely rise 4 to 6 percent this year.

May Retail Food Prices, Percent Change for Selected Items

Items	April to May		May 1981 to May 1982
	Not seasonally adjusted	Seasonally adjusted	
	Percent change		
All food	0.6	0.8	4.8
Food away from home	0.4	0.4	5.4
Food at home	0.7	1.0	4.5
Meats	2.3	2.8	6.9
Beef and veal	2.3	1.8	4.0
Pork	3.4	5.2	15.0
Other meats	0.5	0.4	4.0
Poultry	1.4	2.4	0.7
Eggs	-7.8	-1.3	1.1
Fish and seafood	-4.1	-3.4	3.7
Dairy products	-0.2	*	1.3
Fats and oils	0.1	*	-3.7
Cereals and bakery prods.	0.6	*	4.9
Fruits and vegetables	1.3	1.3	7.6
Nonalcoholic beverages	0.4	0.5	3.2
Sugar and sweets	0.1	*	-0.4
Other prepared foods0.3	0.3	5.8	

*A seasonally adjusted index is not available for these items.

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USDA ASKS COMMENTS ON PROPOSED AMENDMENTS TO 14 MILK ORDERS

WASHINGTON, June 22—Dairy farmers, cooperatives, milk handlers and consumers may comment until July 9 on a U.S. Department of Agriculture recommended decision that would change

the price announcement procedure for Class II milk under 14 federal milk marketing orders.

Edward T. Coughlin, acting director, dairy division of USDA's Agricultural Marketing Service, said the proposed change is similar to one adopted last September for 29 other milk marketing orders. Milk processors and dairy farmers, he said, want to know earlier than they have in the past the price dairy farmers will be paid for milk used to make Class II products, such as cottage cheese.

Coughlin said the recommended decision is based on the record of a public hearing held in February at Denver, Colo.

Under the proposal, milk handlers would receive advance word on Class II prices by the 15th day of the prior month. This would give processors a preliminary cost of the milk to be used for those Class II dairy products during the month of manufacture.

"Handlers would then learn the final price no later than the fifth day after the month in which the milk was processed, and under the proposal this final price could not be less than the Class III price, or in some cases the basic formula price, for that same month," Coughlin said.

The previous action in the 29 milk orders, following a public hearing and approval of the changes by the affected dairy farmers, was forced by an order of the U.S. Court of Appeals in the District of Columbia. The court, acting on a suit brought by a group of handlers, ruled that the existing way of announcing prices was invalid. The new proceeding is not subject to the court order, Coughlin said.

The 14 orders affected by the new hearing are. Upper Florida, Tampa Bay, Southeastern Florida, Ohio Valley, Eastern Ohio-Western Pennsylvania, Southern Michigan, Oregon-Washington, Puget Sound, Inland Empire, Eastern Colorado, Western Colorado, Southwestern Idaho-Eastern Oregon, Great Basin and Lake Mead.

The recommended decision will be published in the June 24 Federal Register. A copy is available from the market administrators for the orders or from: Dairy Division, AMS, USDA, Washington, D.C. 20250.

Comments should be sent to: Hearing Clerk, Rm. 1077-S, USDA, Washington, D.C. 20250, where anyone may see them.

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U.S. AND CANADA MAKE FORESTRY COOPERATION EASIER

WASHINGTON, June 25—The United States and Canada agreed on new procedures today that will make it easier to cooperate on projects of common interest such as fighting forest fires and preventing the spread of forest insects.

Secretary of Agriculture John R. Block and John Roberts, Minister of Environment Canada, signed a memorandum of understanding which will eliminate the need for time-consuming negotiations or separate agreements each time the two countries want to work together on forestry related projects.

In addition to work on forest fires and insects, activities which will be covered under supplements to the memorandum include projects such as wood products utilization, monitoring of water and air quality and forest inventory and assessment.

The Canadian Forestry Service, a part of Environment Canada, and the USDA's Forest Service are the primary agencies charged with carrying out these projects.

Block said this memorandum of understading will improve coordination of activities undertaken by the two agencies and their cooperators. It also will allow the two countries to plan cooperative programs more easily and share information, he said.

Previously, Block said, each project required a separate agreement to be negotiated and approved by both the U.S. State Department and Canada's Ministry of Foreign Affairs, an often complicated and time-consuming process. The memorandum of understanding will eliminate this need, he said.

The memorandum will be in effect for at least five years and can be extended at that time.

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